



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FINAL AMENDED
FACT SHEET FOR S.B. 1417

distributed energy generation systems

Purpose

Modifies statute relating to distributed energy generation systems (system).

Background

A *distributed energy generation system* is defined as a device or system that is used to generate or store electricity that has a capacity, singly or in connection with other similar devices or systems, greater than one kilowatt that is primarily for on-site consumption and does not include an electric generator that is intended for occasional use. *Solar energy device* is defined as a system or series of mechanisms that is designed primarily to provide heating, cooling or solar daylighting, to produce electrical power, mechanical power or to provide any combination of the foregoing by means of collecting and transferring solar generated energy into such uses either by active or passive means (A.R.S. § 44-1761).

Any collectors, heat exchangers and storage units of a solar energy device sold or installed in Arizona must be warranted for a period of at least two years and the remaining components and the installation at least one year. Any person who manufactures, furnishes for installation or installs a solar energy device must provide a written statement of warranty, responsibilities assumed or disclaimed and the performance data of the solar energy device and components. The statement form is subject to approval by the Registrar of Contractors after consultation with the Governor's Energy Office. Any solar energy device sold or installed in Arizona must comply with any consumer protection, rating, certification, performance, marketing, installation and safety standards that have been adopted by the Governor's Energy Office. Installers, in addition to being a licensed solar contractor, must: 1) possess the general license appropriate for the type of device installed; 2) meet any education and training standards adopted by the Registrar of Contractors; and 3) pass an exam for the type of device installed, if applicable (A.R.S. § 44-1762). Laws 2015, Chapter 90 established that certain information must be disclosed in any agreement governing the finance, sale or lease of a system to any person or political subdivision.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

System Interconnection

1. Requires an interconnection application be submitted to and approved by the utility that owns or operates the power grid at the point of interconnection in order for a person to install, energize or interconnect a system.
2. Allows a system to be installed if the utility does not approve or deny the application within 60 days of the application's filing date.
3. Requires the application to disclose the current owner of the system at the time the system will be energized.
4. Requires the applicant to follow interconnection standards established by the Arizona Corporation Commission (ACC) when interconnecting the system.
5. Declares that the utility that owns or operates the power grid must receive notice of any changes in ownership of the system.
6. Stipulates contractors must comply with system interconnection requirements.
7. Specifies an act in violation of system interconnection requirements are subject to Registrar of Contractors' complaint and citation procedures.
8. Prohibits recurring payments from beginning until the system is energized and interconnected.
9. Allows a utility with less than 75,000 customers to waive the interconnection requirements.

Solar Energy Device Warranties

10. Requires the collectors, heat exchangers and storage units of leased or financed solar energy devices to be warranted for at least two years or include an energy production output guarantee.
11. Requires the written statement of warranty to be provided as part of the agreement for the financing, sale or lease of a solar energy device.
12. Removes the responsibility of the Registrar of Contractors' to adopt rules governing the readability and understandability of the solar energy device warranty statement.

Solar Energy Device Installation Standards and Inspections

13. Removes the responsibility of the Governor's Energy Office to adopt or consult on the adoption of any of the following:
 - a) the form of the required solar energy device warranty statement;

- b) consumer protection, rating, certification, performance, marking, installation and safety standards;
 - c) education and training standards on the installation of certain devices;
 - d) examination on the installation of certain devices; and
 - e) consumer protection standards, including freeze protection and temperature related damage standards.
14. Specifies that a solar energy device that is sold or installed in this state must comply with all applicable state and federal consumer protection, rating, certification, performance, marking, installation and safety standards.
15. Specifies that contractors who fail to meet safety, installation or other standards are subject to disciplinary action.

System Finance, Sale or Lease Agreements

16. Requires any blank spaces in the agreement to be shown to and initialed by the buyer or lessee at the time the agreement is signed.
17. Requires the following to be separately acknowledged by the buyer or lessee:
- a) a provision granting the buyer or lessee the right to rescind the financing, sale or lease agreement for at least three business days after the agreement is signed by the buyer or lessee and before the system is installed;
 - b) a description, including the make and model of the system's major components or a guarantee concerning energy production output that the system will provide over the life of the agreement;
 - c) the total purchase price or total cost to the buyer or lessee under the agreement for the system over the life of the agreement;
 - d) any interest, installation fees, document preparation fees, service fees or other costs to be paid by the buyer or lessee;
 - e) if the system is being financed or leased, the total number of payments, the payment frequency, the amount of the payment expressed in dollars and the payment due date; and
 - f) the length of the warranty, if the warranty period for any major component is less than the duration of the agreement.
18. Requires the agreement or a document or sales presentation relating to systems, if it contains an estimate of the buyer's or lessee's future utility charges based on projected utility rates, to provide an estimate of the future utility charges as impacted by certain rate changes applied to the duration of the agreement in one percent increments.
19. Requires any comparative estimates to be calculated by applying the entire rate change range to the duration of the agreement rather than based on the same utility rates.
20. Requires agreements to comply with statute relating to information that must be included in a contract.

21. Requires a document or sales presentation that states or suggests that a system will result in financial savings for a buyer or lessee to:
 - a) substantiate the methodology used to calculate those savings; and
 - b) if the document or sales presentation is intended for a specific potential buyer or lessee, reasonably quantify the cumulative savings expected for the duration of the agreement.
22. Requires a document or sales presentation relating to a system that contains financial savings comparative estimates or utility rate comparative estimates to include certain historical utility rates.

Miscellaneous

23. Makes the following definition changes:
 - a) modifies the definition of *distributed energy generation system*;
 - b) defines *energize* or *energized*;
 - c) defines *interconnected* or *interconnection*;
 - d) expands the definition of *solar energy device* to include a system; and
 - e) removes the definition of *storage unit*.
24. Makes technical and conforming changes.
25. Becomes effective on the general effective date.

Amendments Adopted By Committee

- Makes changes regarding the Registrar of Contractors' duties in relation to solar contractors, requires blank spaces on system finance, sale or lease agreements to be initialed by the buyer or lessee and requires certain agreement provisions to be separately acknowledged.

Amendments Adopted By Committee of the Whole

- Makes changes to solar energy device warranty length, removes the requirement that certain persons be present during system installation and allows certain utilities to waive interconnection requirements.

Amendments Adopted by the House of Representatives

1. Allows a system to be installed if the utility does not approve or deny the application within 60 days of the application's filing date.
2. Requires an applicant to follow interconnection standards established by the ACC, instead of the utility's effective interconnection requirements.
3. Specifies a document or sales presentation must reasonably quantify the cumulative savings expected if the document or sales presentation is intended for a specific potential buyer or lessee.

4. Specifies an estimate of future utility charges as impacted by certain rate changes across the duration of the agreement that is required to be provided on an agreement, document or sales presentation must be in one percent increments.

Senate Action

WE	2/8/16	DPA	6-1-0
3 rd Read	2/18/16		23-6-1
Final Read	3/17/16		29-0-1

House Action

EENR	3/7/16	DPA	7-2-0
3 rd Read	3/16/16		49-11-0

Signed by the Governor 3/21/16

Chapter 56

Prepared by Senate Research

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BL/ljs